

SENATE BILL 2554

By Ketron

AN ACT to amend Tennessee Code Annotated, Title 56
and Title 66, Chapter 29, to enact the "Unclaimed
Life Insurance Benefits Act".

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 56, Chapter 3, is amended by adding
the following language as a new part 9:

56-3-901. This part shall be known as the "Unclaimed Life Insurance Benefits
Act".

56-3-902. This part is intended to comply with the Uniform Disposition of
Unclaimed Property Act, compiled in title 66, chapter 29, part 1, and require the
complete and proper disclosure, transparency, and accountability relating to any method
of payment for life insurance death benefits regulated by the department of commerce
and insurance.

56-3-903.

(a) As used in this part:

(1) "Contract":

(A) Means an annuity contract; and

(B) Does not include an annuity used to fund an
employment-based retirement plan or program where the insurer
is not committed by terms of the annuity contract to pay death
benefits to the beneficiaries of specific plan participants;

(2) "Death Master File" means the United States Social Security
Administration's Death Master File or any other database or service that
is at least as comprehensive as the United States Social Security

Administration's Death Master File for determining that a person has reportedly died;

(3) "Death Master File Match" means a search of the Death Master File that results in a match of the social security number or the name and date of birth of an insured, annuity owner, or retained asset account holder;

(4) "Insured" means the party named on a policy or certificate as the individual with legal rights to the benefits provided by the policy;

(5) "Insurer" means any insurance company authorized to transact insurance business in this state; and

(6) "Policy":

(A) Means any policy or certificate of life insurance that provides a death benefit; and

(B) Does not include any policy or certificate of life insurance that provides a death benefit under an employee benefit plan subject to The Employee Retirement Income Security Act of 1974, as periodically amended, compiled at 29 U.S.C. § 1002 et seq., or under any federal employee benefit program.

(b) All other terms used in this part shall be interpreted in a manner consistent with the definitions used in title 56.

56-3-904.

(a) An insurer shall perform a comparison of its insureds' in-force life insurance policies and retained asset accounts against a death master file, on at least a quarterly basis, using criteria reasonably designed to identify potential

matches of its insureds. For those potential matches identified as a result of a death master file match, the insurer shall:

(1) Within ninety (90) days of a death master file match:

(A) Complete a good faith effort, which shall be documented by the insurer, to confirm the death of the insured or retained asset account holder against other available records and information; and

(B) Determine whether benefits are due in accordance with the applicable policy or contract; and if benefits are due in accordance with the applicable policy or contract:

(i) Use good faith efforts, which shall be documented by the insurer, to locate the beneficiary or beneficiaries; and

(ii) Provide the appropriate claims forms or instructions to the beneficiary or beneficiaries to make a claim including the need to provide an official death certificate, if applicable under the policy or contract.

(2) With respect to group life insurance, insurers are required only to confirm the possible death of an insured when the insurers provide full record-keeping services to the group policy holder.

(3) To the extent permitted by law, the insurer may disclose minimum necessary personal information about the insured or beneficiary to a person who the insurer reasonably believes may be able to assist the insurer locate the beneficiary or a person otherwise entitled to payment of the claims proceeds.

(b) An insurer shall not charge insureds, account holders, or beneficiaries for any fees or costs associated with a search or verification conducted pursuant to this section.

(c)

(1) The benefits from a life insurance policy or a retained asset account, plus any applicable accrued interest shall first be payable to the designated beneficiaries or owners and in the event such beneficiaries or owners cannot be found, shall escheat to the state as unclaimed property pursuant to the Uniform Disposition of Unclaimed Property Act, compiled in title 66, chapter 29, part 1.

(2) The commissioner of commerce and insurance is authorized to develop an informational notice that apprises beneficiaries of their rights to the payment of interest on the benefits or proceeds of a life insurance policy or retained asset account and to determine if written notice is to be provided by a life insurer to a beneficiary prior to or concurrent with the payment of any life insurance proceeds or the settlement of any life insurance claim, where applicable.

(d) An insurer shall notify the state treasurer upon the expiration of the statutory time period for escheat required in § 66-29-105 that:

(1) A life insurance policy beneficiary or retained asset account holder has not submitted a claim with the insurer; and

(2) The insurer has complied with subsection (a) of this section and has been unable, after good faith efforts documented by the insurer, to contact the retained asset account holder, beneficiary or beneficiaries.

(e) Upon such notice, an insurer shall immediately submit the unclaimed life insurance benefits or unclaimed retained asset accounts, plus any applicable accrued interest, to the state treasurer.

56-3-905. Failure to meet any requirement of this part is an unfair trade practice or insurance fraud and punishable as such in accordance with chapters 8 and 53 of this title.

SECTION 2. The commissioner of commerce and insurance is authorized to promulgate rules and regulations to effectuate the purposes of this act. All such rules and regulations shall be promulgated in accordance with Tennessee Code Annotated, Title 4, Chapter 5.

SECTION 3. For the purpose of promulgating rules and regulations, this act shall take effect upon becoming a law, the public welfare requiring it. For all other purposes, this act shall take effect July 1, 2012, the public welfare requiring it.